



Guardian Home Mortgage Corporation

December 23, 2009

To: Federal Reserve Board

Re: Regulation Z-Truth in Lending – Closed End Mortgages

I understand that your actions are merely meant to be a “reaction” to the large number of homes in foreclosure as a result of bad lending, but you are trying to do too much, too late. Many of the loan officers responsible for abusive lending practices are no longer in this business. Many of the companies that participated are no longer in business. Those of us who have been in the business for years and that chose not to participate in bad lending schemes are being punished for something we did not do. While certain restrictions and limitations are necessary, the proposal as written will eliminate free trade and potentially harm small business, such as mine.

The payment of a yield spread premium is not a bad thing. It is not injurious to the consumer. Many times in my business, I use the extra profit to help the consumer. This happens frequently when people are tight on money for closing. I will reduce my origination fee to save the borrower money on the front end, because I can make it up on the back end. By taking away the yield spread premium, you will be taking away rate and pricing flexibility. This will increase the borrowers closing costs and make it harder for them to get loans.

The proposal to pay the originator a flat fee will limit the borrower's choices in getting his loan. The loan officer will just steer that loan to a lender that is paying the highest flat rate fee. The borrower still won't have any control over the compensation agreements that brokers have with the lenders.

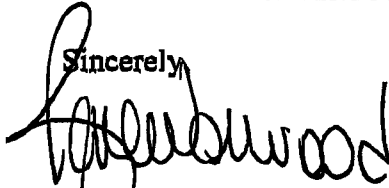
Most loan officers don't like to do small loans as it is right now. We have never had a problem doing them, however, the new proposal will more than likely make these loans difficult to get. The closing costs would be very high on these loans, and low income borrowers would more than likely get priced out of the market.

This proposal, as I see it, will create a whole new set of problems that will be difficult to monitor and difficult to enforce. The encouragement of loan steering would be present, thus creating an environment for greater litigation to brokers. This would stifle competition and ultimately put brokers completely out of business. It reduces our ability to help borrowers obtain housing.

In the last year, significant changes have already been made which as returned mortgage banking to the way it used to be. There is already increased scrutiny from every agency known to mankind. The underwriters are scared to approve a loan. The increased requirements have created increased time and responsibility on our part. It is harder and takes longer to do loans now. The important thing that we ask that you remember is that this proposal needs to be favorable to today's market. Your current proposal creates too much aversion and will have an unfavorable effect on this industry that is already struggling. As you have already seen, loan officers with bad lending practices often find ways to use the system and circumvent these requirements. Good originators are being punished for things that they didn't do. The good ones are the ones you will hurt the most.

We pray that you find another way to direct these changes. You are hurting brokers, as well as consumers. You are eliminating competition, which in turn will create a monopoly. My small business, which as operated since 1989 without any marks on our record, will more than likely have to close our doors under this proposal. This will take money away from our families and contribute to the unemployment problem across America. Yes – the mortgage industry became a mess, but the payment of yield spread premiums were not the cause of it. The types of loans that were being made to the types of people they were made to created this mess. Steps have been put in place to allow us to move forward, but your proposal will cause it to reverse. This will not be a benefit to anyone. Perhaps you could tell the large banks that they are not allowed to pay their top executives more than a certain amount each year, or limit the car industry on how much they can make on each transaction. Maybe oil and gas companies that price gouge while having the best year of profits they have ever seen should be limited. Or perhaps you could tell the credit card companies that they can only charge 1% interest on existing balances. This is America where free trade is supposed to exist. You are chancing ruining that for a lot of people. Please listen to the voices of the mortgage brokers across America and find other solutions.

Sincerely,



Renee Norwood
President

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